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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C. AMS AOD-68 AUGUST 1960

Situation early in the season points to a close balance between production and use of cotton in 1960-61.

First forecast of the season places the cotton crop at 14.3 million running bales. Disappearance is estimated at 14½ million bales--8 3/4 million to be consumed by U. S. mills and 5½ to 6 million to be exported.

Both production and disappearance are likely to be down from 1959-60. If crop this year turns out as expected August 1, it will total 1.2 bales less than 1959 crop. Disappearance will be down more sharply...from 16.1 million to about 14½ million.

Bulk of decline in disappearance is expected in exports...1 to 1½ million bales from the high 1959-60 level of 7.1 million. Increased production abroad will account for most of the drop in exports, though record mill consumption and some further rebuilding of stocks will keep foreign demand strong.

Use of cotton in this country is likely to be down only about a quarter million bales. Reduction is expected largely because stocks of cotton broadwoven goods recently have increased in relation to unfilled orders, and values of fabric have declined.

Heavy disappearance in 1959-60 cut carryover this August 1 to an estimated 7.5 million bales. This is 16% less than a year earlier...only slightly more than half the peak of 1956. Outlook for production and disappearance in 1960-61 indicates about the same level of stocks on August 1, 1961.

CATTLE. Numbers are continuing to rise this year but gain will be less than last year's 4.9 million head. Slaughter is up, imports down, and 1950 calf crop is only slightly larger than that of 1959.

Feeders stand a good chance of making more money in the coming season than they did last season. Prices for fed cattle are likely to be fairly stable the rest of this year. Prices of feeders this fall will decline seasonally and be under last fall by a greater margin than fed cattle. Feed prices are running below a year ago and are likely to continue lower.

HOGS. Prices to farmers averaged \$3.20 above a year earlier in mid-July. They are likely to maintain a good margin over a year earlier through winter because of the 16% reduction in last spring's pig crop.

SHEEP. Numbers will show a further increase this year unless fall slaughter is unexpectedly large. The 1960 lamb crop was up 2%...more than enough to offset this year's slight increase in marketings. Seasonal declines are in prospect for lamb prices this fall, but they are not likely to fall below last year's prices.

MILK. Production continues a shade above last year. Prices to farmers as well as those for manufactured dairy products are near 1959 levels. Except for 1941, milk prices are the most favorable on record compared with feed...have improved relative to prices of beef cattle.

Number of milk cows on farms in June edged below a year earlier, continuing the decline that has occurred in all but 1 year since 1944. But this year's drop was smallest since 1954.

EGGS. Fifteen percent cut in replacement chickens raised this year is beginning to show up in reduced number of pullets being added to laying flocks. While rates of lay per bird are likely to be up, egg production this fall is likely to drop below last year. Prices to farmers are likely to average higher.

BROILERS. Both prices and slaughter this month are well above August 1959 levels. Main factor in the stronger demand is the higher prices and smaller supplies of pork. Marketings in September probably will show a smaller increase over last year. Placements timed for September slaughter showed a gain of 5% compared with 10% for this month.

FATS AND OILS. Supplies of food fats for 1960-61 will be slightly below this season's level, according to early August prospects. Carryover next October 1 will be smaller and production about the same.

First estimate of 1960 crop placed soybean production at 548 million bushels, 2% above 1959. This probably will bring prices that will average about the same as in 1959-60, though some seasonal decline is likely this fall. August estimates indicate 1960 cottonseed production at about the same figure as in 1959.

CORN. Supply for 1960-61 will total about 6 billion bushels, slightly more than in 1959-60. Crop is forecast at 4,121 million bushels, a quarter billion less than last year, but stocks will be up. Use of corn has trended up rapidly. This season it is expected to reach 4 billion bushels, a billion more than 5 years ago.

Corn prices have declined since early July, along with the other feed grains. A further decline is likely this fall as the crop is harvested. Prices to farmers for the four grains in July averaged 4% under a year earlier.

WHEAT. The 1960 crop has improved steadily as the season advanced. Production is now set at 1,362 million bushels, a fifth above 1959. Yield per harvested acre is 25.7 bushels, second highest of record.

Crop plus a carryover of 1,313 million bushels and estimated imports brings total supply to 2,682 million bushels, a tenth above last year and a new record.

FRUIT. Supplies of fresh deciduous fruits for late summer markets will be down from last year. Reductions are likely for apples, pears, peaches, grapes, and prunes. Although seasonal declines in prices are expected, they are likely to average above last summer.

WOOL. Seasonal declines in prices to producers for shorn wool are likely in the next few months. The pattern is likely to be similar to last year when fall and winter prices were 4 to 6% below those of midsummer.

Largest shorn wool production since 1946 is in prospect this year. Estimated total of 265.3 million pounds, grease basis, is 3% above 1959. World production, estimated at 5,625 million pounds, is 1% above last year and a new record.